

***SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE***

Annual Financial Report

June 30, 2014

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

**Annual Financial Report
June 30, 2014**

TABLE OF CONTENTS

	Page
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
<i>Financial Section:</i>	
INDEPENDENT AUDITOR'S REPORT	9
BASIC FINANCIAL STATEMENTS:	
<i>Government Wide Financial Statements:</i>	
Statement of Net Position	12
Statement of Activities	13
<i>Fund Financial Statements – Governmental Funds:</i>	
Balance Sheet	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
<i>Notes to Financial Statements</i>	17
<i>Required Supplemental Information:</i>	
<i>Budget Comparison Schedules:</i>	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	32
<i>Reports Required by Government Auditing Standards:</i>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33
Schedule of Findings and Questioned Costs	35

***SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014***

Our discussion and analysis of the Special Education District #1's (The Center) financial performance provides an overview of financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The *Government-Wide Financial Statements* (GWFS) – The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of finances. *Fund Financial Statements* (FFS) – The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in the *INDEPENDENT AUDITOR'S REPORT*, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the *INDEPENDENT AUDITOR'S REPORT* carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is The Center as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about The Center as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report net position and changes in it. You can think of net position—the difference between assets and deferred outflows and liabilities and deferred inflows—as one way to measure financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds—not The Center as a whole. Some funds are required to be established by State laws or bond covenants.

The Center uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

FINANCIAL HIGHLIGHTS

The basic financial statements provide these insights into the results of this year's operations:

- Net position of our governmental activities increased by \$642,602 (\$565,273 change in net position plus \$77,329 prior period adjustment) or 8.7% as a result of this year's operations.
- Total expenses for program activities were \$2,525,463 for the year, which was \$1,254,223 more than the \$1,271,240, generated from charges for services and the grants and contributions received for these activities. The remainder of these expenses was covered by general revenues from property taxes collected (\$1,716,512), state revenue sharing (\$51,070), investment earnings (\$50,569) and other revenues (\$1,345) totaling \$1,819,496. The cost of all of the programs increased by \$174,383, or approximately .3%. The program revenues decreased slightly by \$791 while the general revenues decreased by \$595,963 or 24%.
- The governmental funds reported a total ending fund equity of \$6,548,413. Fund balance for governmental activities increased by \$331,907 (\$254,578 from the net change in fund balance plus \$77,329 from a prior period adjustment) from the prior year ending fund balance of \$6,216,506.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE (GWFS)

The Statement of Net Position and the Statement of Activities reports all activity as governmental activities. All of the basic instructional and support services are reported as this type. General ad valorem taxes, operating grants and contributions, and fees charged to community homes finance most of these activities. Our analysis below focuses on the net position of the governmental-type activities:

Condensed Statement of Net Position

	2014	2013	Dollar Change	Percent Change
Current and Other Assets	\$ 6,660,773	\$ 6,299,262	\$ 361,511	5.7%
Capital Assets	1,464,837	1,238,903	225,934	18.2%
Total Assets	8,125,610	7,538,165	587,445	7.8%
Current Liabilities	112,239	77,746	34,493	44.4%
Long Term Liabilities	2,458	89,108	(86,650)	-97.2%
Total Liabilities	114,697	166,854	(52,157)	-31.3%
Net Invested in Capital Assets	1,464,837	1,238,903	225,934	18.2%
				-
Restricted	-	604	(604)	100.0%
Unrestricted	6,546,076	6,128,804	417,272	6.8%
Total Net Position	\$ 8,010,913	\$ 7,368,311	\$ 642,602	8.7%

Net position increased by \$642,602 as a result of this year's operations (\$565,273 and the recording of a prior period corrections of \$77,329). The overall financial position increased during the year. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – absorbed an increase of \$417,272. Net Investment in Capital Assets increased by \$225,934 due to the construction project for the paving of an additional parking lot. The balance in net assets represents the accumulated results of all past years' operations.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Condensed Statement of Activities

	2014	2013	Dollar Change	Percent Change
Program Revenues:				
Charges for Services	\$ 1,232,044	\$ 1,230,968	1,076	0.1%
Operating Grants and Contributions	2,100	3,967	(1,867)	-47.1%
Capital Grants and Contributions	37,096	37,096	-	100.0%
Total program revenues	1,271,240	1,272,031	(791)	-0.1%
Program Expenses:				
Current	2,525,463	2,517,599	7,864	0.3%
Total program expenses	2,525,463	2,517,599	7,864	0.3%
Net program income	(1,254,223)	(1,245,568)	8,655	0.7%
General revenues	1,819,496	2,415,459	(595,963)	-24.7%
Change in Net Assets	565,273	1,169,891	(604,618)	-24.0%
Net Assets:				
Beginning of the year, restated	7,445,640	6,198,420	1,247,220	20.1%
End of the year	\$ 8,010,913	\$ 7,368,311	\$ 642,602	8.7%

Total revenues received for the year were \$3,090,736 (\$1,271,240 in program revenues and \$1,819,496 in general revenues). This reflected a decrease of \$596,754 or approximately 16 % from the prior year primarily due to a decrease in ad valorem taxes assessed and collected. The total cost of all instructional and support services, \$2,525,463, increased by \$7,864 from the prior year which is approximately a .3% increase.

FINANCIAL ANALYSIS OF FUNDS (FUND FINANCIAL STATEMENTS)

As noted earlier, The Center uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for funding future operational needs.

Governmental funds reported a combined fund balance of \$6,548,413. This reflected a increase of \$331,907. This increase is primarily the result of the events and programs described within the analysis of its government-wide activities of \$254,578 and the restatement of beginning equity by \$77,329.

***SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014***

Unassigned fund balance, which is the portion of fund balance available for funding future operational needs, totaled \$6,548,413 (100%). Restricted fund balance, which is the portion of fund balance that is not available for new spending, totaled was completely used up during the year.

Major Governmental Fund. If the assets, liabilities, revenues or expenditures of a governmental fund exceed 10% of the total of all governmental funds, that fund is reported as a major governmental fund in the accompanying fund financial statements. The Center reported one major fund during the current fiscal year. The General Fund is the chief operating fund. At the end of the current fiscal year, fund balance totaled \$6,548,413, of which 100% was unassigned.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. General Fund expenditures totaled \$2,836,158, including \$394,138 in capital outlay in the current fiscal year. Unassigned fund balance equaled 230% of total General Fund expenditures.

The fund balance of the General Fund increased by \$331,907 during the current fiscal year. This increase is due to (1) an decrease in ad valorem taxes (\$614,152), adult service (\$15,336), increase in OCCD contract (\$10,381), increase in interest and dividend income (\$17,700), causing an overall decrease in revenues of approximately \$596,754, (2) expenditures increased by approximately \$452,394.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised to reflect a net increase of \$301,923 in ending fund balance. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

***SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014***

Increase (Decrease) due to:	Budgeted Amounts		Increase
	Original	Final	(Decrease)
REVENUES:			
Property taxes assessed increased/millage increase	\$1,620,000	\$1,716,512	\$96,512
Actual State Revenue Sharing decreased	51,500	51,070	(430)
Increase in interest rates due to changes in investments	9,000	50,538	41,538
Adult Services - decrease in qualifying clients/programs -	690,000	630,000	(60,000)
Actual Cafeteria Services revenue decreased	25,000	24,000	(1,000)
Transportation Revenues - due to decrease in service	60,000	56,000	(4,000)
Residential Services decrease in clients/program	552,500	502,000	(50,500)
Community Services due to increase in the program	5,000	6,726	1,726
Intergovernmental & Grants due to increase in OCDD Contracts	43,600	53,346	9,746
Donations	1,000	2,100	1,100
Miscellaneous	100	30	(70)
Total Revenues	<u>3,057,700</u>	<u>3,092,322</u>	<u>34,622</u>
EXPENDITURES:			
District and School Administration, due to shift in line items	537,002	532,268	(4,734)
Adult Instruction decrease in staff salaries and benefits and subs and part-time salaries	993,216	837,825	(155,391)
Cafeteria Services decrease in food purchased	178,185	175,253	(2,932)
Transportation Services increase in salaries and benefits and vehicle repairs	175,040	184,797	9,757
Community Services due to decrease in travel & health insurance	57,418	54,690	(2,728)
Residential Services due to decrease in direct service salaries because of decreases in program services	519,443	455,153	(64,290)
Maintenance due mainly to decrease in salaries & related benefits	147,561	151,467	(3,906)
Total Current	<u>2,607,865</u>	<u>2,391,453</u>	<u>(216,412)</u>
Capital Outlay due to change in equipment purchase	222,000	347,285	125,285
Total Expenditures	<u>2,829,865</u>	<u>2,738,738</u>	<u>(91,127)</u>
Net Change in Fund Balance	227,835	353,584	125,749
FUND BALANCE:			
Beginning	6,040,332	6,216,506	176,174
Ending	<u>\$6,268,167</u>	<u>\$6,570,090</u>	<u>\$ 301,923</u>

All of the variance were in compliance with the State Budget Law.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2014 and 2013 was \$1,464,837 and \$1,238,903, respectively.

	2014	2013
Land	\$ 93,612	\$ 93,612
Construction in Progress	314,140	-
Buildings and Improvements	3,301,263	3,301,263
Furniture and Equipment	470,316	436,689
Buses and Vans	519,660	473,289
Total Cost	4,698,991	4,304,853
Accumulated Depreciation	3,234,154	3,065,950
Net Capital Assets	<u>\$ 1,464,837</u>	<u>\$ 1,238,903</u>
Depreciation Expense	<u>\$ 168,204</u>	<u>\$ 182,756</u>

This year there was \$394,138 of additions and no disposals or adjustments, reflecting the net increase in capital assets before depreciation.

Major capital asset additions during the current fiscal year included the following:

- The purchase of computers and other office equipment totaling \$3,176
- The purchase of two vending machine totaling \$8,138
- The purchase of kitchen equipment (disposal system, dishwasher, dish table, and gas range) additions totaling \$20,285
- The purchase of one vehicle for \$46,371
- The expansion of the parking lot construction project with architect fees of \$314,140.

More detailed information about the capital assets is presented in Note 6 to the basic financial statements.

LONG-TERM DEBT

The Center has long-term debt recorded for compensated absences in the amount of \$41,134. More detailed information about the long-term debt is presented in Note 7 to the basic financial statements.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Certain significant aspects of the budget are detailed below:

Beginning Fund Balance	\$ 6,444,341
Projected Revenue	3,192,700
Projected Expenditures	(2,838,315)
Ending Fund Balance	<u>\$ 6,798,726</u>

The ad valorem tax levy for the Maintenance and Operation Fund has been set at 3.0 mills which will generate an estimated \$1,738,500. Included in the 2014-2015 budget is a 5% average increase in health insurance. The District will participate in the health/life insurance program at 80% of employee coverage and will remain at 55% of dependent coverage. A 3% increase is included for staff salaries for The Center – 2% for cost of living increase and 1% merit. The employer contribution rate for the Teachers Retirement System of Louisiana will increase to 28% from 27.2% and employer contribution rate for the School Employees Retirement System will increase to 33% from 32.3%. Also included in the budget is \$20,000 for improvements to various patio areas around the campus. The effect on funding from the Supports Waivers and the NOW Waivers is unknown because the method of cutting has not been identified. Workshop materials and supplies have stabilized for this fiscal year. Equipment Purchases for the adult services budget has been proposed at \$15,000.00 for any un-expected purchases during the year. \$48,000 for a new 5310 vehicle with \$38,400 grant money from the State of Louisiana has been incorporated into this new budget. The Cafeteria Budget has remained stable for this fiscal year and 10% for fuel and electricity due to the price increases of oil & fuel. \$50,000 has also been included in the Cafeteria Budget in the anticipation of replacing aging kitchen equipment.

CONTACTING FINANCIAL MANAGEMENT

This annual report is designed to provide our citizens, taxpayers, and customers with a general overview of The Center finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Rose Grabert, Executive Director,
P.O. Box 405,
Cut Off, Louisiana 70345
985-632-5671

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Special Education District #1 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error.

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana
Page 2 of 3

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Special Education District #1 as of June 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the foregoing table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.



To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana
Page 3 of 3

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014, on our consideration of the Special Education District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Special Education District #1's internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
November 17, 2014



**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE**

Statement of Net Position

June 30, 2014

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	\$ 5,847,107
Investments	638,837
Receivables:	
Due from other agencies	95,055
Accounts	3,127
Prepaid Insurance	38,797
Deposit on vehicle and equipment	7,200
Inventory	30,650
Capital Assets, Net of Accumulated Depreciation	1,464,837
TOTAL ASSETS	8,125,610
LIABILITIES	
Accounts, salaries, and other payables	18,425
Contracts and retainage payable	55,138
Compensated absences payable - current	41,134
TOTAL CURRENT LIABILITIES	114,697
Compensated absences payable - long term	41,134
TOTAL LIABILITIES	155,831
NET POSITION	
Net Invested in capital assets	1,464,837
Unrestricted	6,504,942
TOTAL NET POSITION	\$ 7,969,779

See notes to financial statements.

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE
Statement of Activities
For the Year Ended June 30, 2014

	Expenses	Program Revenues:			Net (Expenses)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Adult Instruction	\$ 844,820	\$ 646,116	\$ -	\$ -	(\$198,704)
Administrative	519,446		2,100		(517,346)
Maintenance	206,677	-	-	-	(206,677)
Cafeteria	181,661	24,233	-	-	(157,428)
Transportation	235,205	56,205	-	37,096	(141,904)
Residential	482,964	498,764	-	-	15,800
Community Services	54,690	6,726	-	-	(47,964)
Total Governmental Activities	\$ 2,525,463	\$ 1,232,044	\$ 2,100	\$ 37,096	(1,254,223)

General Revenues:

Ad Valorem Taxes	1,716,512
State Revenue Sharing	51,070
Interest and Dividends	50,569
Miscellaneous	1,345
Total General Revenues	1,819,496
Change in Net Position	565,273

Net Position:

Beginning	7,368,311
Prior period adjustment	77,329
Beginning, as restated	7,445,640
Ending	\$ 8,010,913

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Balance Sheet - Governmental Funds
June 30, 2014

	<u>General Fund</u>
ASSETS	
Cash	\$ 5,847,107
Investments	638,837
Receivables:	
Due from other agencies	95,055
Accounts	3,127
Inventory	30,650
Deposit on vehicle and equipment	7,200
	<u>\$ 6,621,976</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 18,425
Contracts and retainage payable	55,138
TOTAL LIABILITIES	<u>73,563</u>
FUND EQUITY	
Unassigned	6,548,413
TOTAL FUND EQUITY	<u>6,548,413</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 6,621,976</u>

***Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets***

Total fund balances - governmental funds	\$ 6,548,413
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Cost of Assets	\$ 4,698,991
Accumulated Depreciation	<u>3,234,154</u>
	1,464,837
Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds	
Prepaid Insurance	38,797
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Compensated absences	<u>(41,134)</u>
 Net assets of governmental activities	 <u>\$ 8,010,913</u>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund
REVENUES	
Ad Valorem Taxes	\$ 1,716,512
State Revenue Sharing	51,070
Adult Services Income	629,771
Cafeteria Services	24,233
Transportation Services	56,205
Residential Services	498,764
Community Service	6,726
Intergovernmental Revenue	16,345
DOTD Grant	37,096
Donations	2,100
Interest and Dividends	50,569
Miscellaneous	1,345
	<u>3,090,736</u>
EXPENDITURES	
Current:	
Administrative	557,730
Maintenance	151,724
Adult Instruction	829,691
Cafeteria	177,669
Transportation	187,552
Residential	482,964
Community Services	54,690
Total Current	<u>2,442,020</u>
Capital Outlay	394,138
Total Expenditures	<u>2,836,158</u>
NET CHANGE IN FUND BALANCE	254,578
FUND BALANCE	
Beginning of year	6,216,506
Prior Period Adjustment	77,329
Beginning of year, as restated	<u>6,293,835</u>
End of year	<u><u>\$ 6,548,413</u></u>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE**

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balances - governmental funds	\$ 254,578
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Amounts reported for *governmental activities* in the Statement of Activities
(government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets are allocated over their useful
lives and reported as depreciation expense.

Capital outlay	\$ 394,138	
Depreciation expense		
Adult Instruction	(15,129)	
General & Administrative	(9,690)	
Plant Maintenance & Operations	(91,740)	
Cafeteria Services	(3,992)	
Transportation Services	(47,653)	
	<u>(168,204)</u>	
Loss on Sale of Asset	-	
	<u>(168,204)</u>	225,934

Other expenses reported in the Statement of Activities that do not require
current financial resources:

Increase in Prepaid Insurance	36,787
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For governmental funds, the incurrence of long-term debt provides current
financial resources and the repayment of long-term obligations consumes
current financial resources. Neither transaction has any effect on net assets.

Decrease in long-term compensated absences	<u>47,974</u>
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Change in net assets of governmental activities	<u><u>\$ 565,273</u></u>
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See notes to financial statements.

***SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE***
Notes to the Financial Statements
June 30, 2014

Special Education District #1 of the Parish of Lafourche (The Center) was formed by the Louisiana Legislature in 1976 as a political subdivision of the State of Louisiana to purchase, contract, acquire, manage and administer an education and training institution for mentally retarded, handicapped, and other health impaired children and adults. The Center has the power to levy property taxes, incur debt, and perform all other lawful acts necessary to accomplish the above. The Center is governed by a Board of Commissioners; three appointed by the Lafourche Parish Council, and four appointed by the Lafourche Parish School Board.

Note 1 Summary of Significant Accounting Policies

The accounting and reporting policies of The Center conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

A. Reporting Entity

For financial reporting purposes, the accompanying financial statements include all of the operations over which the Center is financially accountable. The Center is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASBS No. 14 "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involves those cases where the Center or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization and there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the Center or the nature and significance of the relationship between the Center and the organization is such that exclusion would cause the Center's financial statements to be incomplete.

Applying this definition, it has been determined that The Center is independent of and is not financially accountable for other governmental units or civic entities, these financial statements represent the operations of the Center, as well as all of the funds of the Center as a governmental unit.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2014

Note 1 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) display information about the Center as a whole. These statements are prepared using the economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues.

The following is a description of the programs offered by The Center to its clients:

Adult Instruction - Adult Instruction is the day program for citizens of the community who are developmentally disabled. This program offers janitorial and recycling services performed by its clients to area business, assembles and sells plastic eating utensil packets and recycles, packages and sells Mardi Gras beads. Adult Instruction also operates a retail gift shop and operates vending machines in local businesses.

Residential Services - Residential Services provides the following services:

Respite Services - Respite Services provides direct care workers to the developmentally disabled client in their home allowing their parents/guardians to leave them for short periods of time.

Personal Care Assistance - The Personal Care Assistance program provides direct care workers to the developmentally disabled client on a "one on one" basis therefore allowing the client some personal time in the community. This program is administered completely out of the clients' homes.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2014

Note 1 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Financial Statement Presentation (continued)

Community Services – Searches for jobs and provides follow along support to those clients who qualify as outlined by Louisiana Rehabilitation Services.

Transportation Services - Transportation services is a billable service for some clients who are under the Medicaid NOW Waiver. Everyone who needs transportation is provided transportation to and from the facility whether it is billable to Medicaid or not.

Fund Financial Statements

Fund financial statements report detailed information about the Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column.

The Governmental Funds are accounted for on the “flow of current financial resources” measurement focus. This measurement focus is based on the concept of accountability, which includes measuring inter-period equity whether current year revenues were sufficient to pay for current year services.

Governmental Funds

Governmental funds are those through which most functions are financed. The acquisition, use and balances of the expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2014

Note 1 *Summary of Significant Accounting Policies (Continued)*

C. Basis of Accounting (Continued)

Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments.

For this purpose, the government considers revenues (with the exception of the expenditure-driven grants) to be available if they are collected within 60 days of the end of the current fiscal period. The expenditure driven grants are considered available if received within one year from the balance sheet date. Current year property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before receiving any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2014

Note 1 Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

When both restricted and unrestricted resources are available for use, it is the Center's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Deposits and Investments

Deposits are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and The Center's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

E. Ad Valorem Taxes

Ad Valorem taxes of Lafourche Parish are levied around November 1 and are due and payable on that date. Ad Valorem taxes become delinquent on January 1 of the next year. Ad Valorem taxes are assessed by the Lafourche Parish Tax Assessor and are collected by the Lafourche Parish Sheriff and remitted monthly by the Sheriff to The Center. Tax revenues are recognized when they become available. Available includes those tax receivables that are expected to be collected. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

The following is a summary of authorized and levied ad valorem taxes:

	Millage		Expiration
	Authorized	Levied	Date
Taxes due for:			
Operation & Maintenance	4.89 mills	3.0 mills	2016

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2014

Note 1 Summary of Significant Accounting Policies (Continued)

E. Ad Valorem Taxes (continued)

The following is the principal taxpayers and the related assessed value and property tax revenue received from them for the District for the current year:

Taxpayer	Assessed Value	Tax Revenue
Hornbeck Offshore Services	\$27,267,310	\$81,802
Hornbeck Offshore Services	\$22,300,440	\$66,901

F. Inventories

Inventories are valued at cost, which approximates market. Inventories include items purchased and sold in the gift shop and vending machines. Inventories are recorded as expenditures as consumed rather than when purchased.

G. Capital assets

Purchased assets are recorded as expenditures in the fund financial statements and are capitalized at cost on the government-wide statement of net position. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Center uses a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	7 - 40 years
Furniture, fixtures, and equipment	5 - 15 years
Vehicles	5 - 8 years

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2014

Note 1 Summary of Significant Accounting Policies (Continued)

H. Compensated Absences

Compensated absences are payments to employees for accumulated vacation leave. These amounts also include the related employer's share of applicable taxes and retirement contributions.

The Center compensates substantially all full time employees for unused vacation up to twelve days. Unused vacation is paid upon termination or retirement. Sick leave accumulates at the rate of twelve days for 240-Day Personnel. Sick leave is not paid upon termination or retirement. Compensation time is granted for approved extra hours of work in accordance with the Fair Labor Standards Act. Compensation time is paid upon termination or retirement. Compensated absences for vacation time is reported in the government wide financial statements categorized in current (due within one year) and long-term.

I. Long-Term Obligations

In the fund financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

J. Restricted Net Assets

For the government-wide statement of net position, net position is reported in three components:

1. Net investment in capital assets – consists of capital assets net of accumulated depreciation.
2. Restricted – consists of net position with constraints placed the use by law through constitutional provisions, enabling legislation, or externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
3. Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2014

Note 1 Summary of Significant Accounting Policies (Continued)

K. Fund Equity

GASB 54 categorizes fund balance as either nonspendable or spendable. Nonspendable is defined as the portion of fund balance that includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action. The assigned fund balance classification is intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The restricted fund equity is the remaining balance of donations that had restrictions from the donor that they be used for client activities and grocery needs for the clients.

The Center applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

L. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2014

Note 2 Stewardship, Compliance, and Accountability

The Center uses the following budget practices:

- The Finance Committee of the Board of Commissioners prepares a balanced operating budget each year, which is then ratified by the full Board after an appropriate public hearing. The budget contains an appropriation resolution that authorizes the expenditures of funds up to the budgeted amount of the year.
- The budget may be amended during the year as conditions dictate so long as it remains in balance. One-half of the prior year's appropriation automatically renews each year without any formal Board approval.

Note 3 Ad Valorem Taxes

For the year ended June 30, 2014, taxes of 3.0 mills was levied on property valued as of January 1, 2013 located in Ward 10 of the Parish of Lafourche. The assessor for the Parish is responsible for preparing the property tax rolls and collecting the millage on all property dedicated. Taxes levied were \$1,716,512 of which 99% (including interest and delinquent charges) were collected through June 30, 2014.

Note 4 Deposits and Investments

Deposits

Demand (deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At June 30, 2014, the carrying amount of deposits was \$5,847,107 and the bank balance was \$5,979,224. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial credit risk is the risk that in an event of a bank failure, the district's deposits may not be returned to it. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. Of the total bank balance, \$5,479,224 is considered under custodial credit risk.

The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. FDIC and pledged securities valued at \$7,451,011 secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the Center's name.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2014

Note 4 *Deposits and Investments (Continued)*

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

Investments

The Center's investments consist of \$638,837 invested in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool. They have an average maturity of 60 days or less. LAMP is administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed.

This investment pool has not been assigned a risk category since The Center has not issued securities, but rather owns an undivided beneficial interest in the assets of this pool. State law limits investments in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the district's policy to limit its investments in these investment types. As of June 30, 2014, the investment in LAMP was rated AAAM by Standard & Poor's.

Note 5 *Revenue/Receivables from Other Agencies*

The Center receives federal, state, and individual funding on a per diem per client/unit basis. Federal and state matching funds from the Department of Health and Human Services, passed through the Louisiana Department of Health and Hospitals Office of Family Security, Medical Assistance Program – Medicaid/Title XIX are on a per diem basis. These payments, reported in the Adult Instruction and Residential Services, are considered a payment for service as opposed to a grant award.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2014

Note 5 Revenue/Receivables from Other Agencies (continued)

Receivables totaling \$95,055 from these types of payments are considered due from other agencies and consist of the following:

DUE FROM	Amount
Medicaid	\$85,460
Res-Care, Inc.	\$ 5,955
OCDD	\$ 3,640

The financial statements contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The amount due from Medicaid is considered to be material in relation to the financial position.

Note 6 Capital Assets

Capital assets and depreciation activity is as follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE	ADDITIONS	DELETIONS/ ADJUSTMENTS	ENDING BALANCE
Capital Assets, not being depreciated				
Land	\$93,612	\$ -	\$ -	\$93,612
Construction in Progress	-	314,140	-	314,140
Total Capital Assets, not being depreciated	\$93,612	\$ 314,140	\$ -	\$407,752
Capital Assets, being depreciated				
Buildings and Improvements	3,301,263	-	-	3,301,263
Furniture and Equipment	436,689	33,627	-	470,316
Buses and Vans	473,289	46,371	-	519,660
Total capital assets, being depreciated	4,211,241	79,998	-	4,291,239
Less Accumulated Depreciation:				
Buildings and Improvements	2,380,350	91,740	-	2,472,090
Furniture and Equipment	324,515	28,811	-	353,326
Buses and Vans	361,085	47,653	-	408,738
Total Accumulated Depreciation	3,065,950	168,204	-	3,234,154
Capital Assets, being depreciated, net	\$1,145,291			1,057,085
Total Net Capital Assets, net	\$1,354,516			\$1,464,837

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2014

Note 6 Capital Assets (continued)

Depreciation expense of \$168,204 was charged to the following governmental functions:

Adult instruction	\$15,129
Transportation services	47,653
Physical plant and insurance	91,740
General and administrative	9,690
Cafeteria services	<u>3,992</u>
Total	<u>\$168,204</u>

Note 7 Long-Term Obligations

Changes in long-term obligations are summarized below:

	BALANCE JUNE 30, 2013	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2014
Compensated absences	\$89,108	\$ 39,881	\$ 87,855	\$41,134

Note 8 Retirement Plans

Substantially all employees of The Center are members of one of two cost sharing, multi-employer retirement systems. In general, professional employees, such as teachers and principals, are members of the Teachers' Retirement System of Louisiana (TRS); and other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Pertinent information relative to each plan follows:

TEACHER'S RETIREMENT SYSTEM OF LOUISIANA (TRS)

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A and Plan B. The Center participates in TRS Regular which requires mandatory enrollment for all employees that meet the legal definition of "teacher" in accordance with LRS 17:751(23)(a).

The Teachers' Retirement System of Louisiana provides retirement, disability and survivor benefits. Service retirements vest after 10 years of credited service, disabilities after 5 years, but member must be in active service at the time of filing the application for disability retirement. Benefits are established and amended by state statute.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2014

Note 8 Retirement Plans (Continued)

The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy. Plan members are required to contribute 8.0 percent of their annual covered salary for the Regular Plan. The Center is required to contribute at an actuarially determined rate. The current rate is 27.20% percent of annual covered payroll for the membership plan. State law establishes member contributions and the Public Retirement Systems' Actuarial Committee establishes employer contributions and rates for the TRS.

Employer contribution to the TRS, as provided by state law, is funded by deductions from local ad valorem taxes and by employer remittances. Employer contributions to the TRS for the years ending June 30, 2014, 2013, and 2012 were \$250,344, \$205,296, and \$175,056, respectively, which were equal to the required contributions for each year.

LOUISIANA SCHOOL EMPLOYEES RETIREMENT SYSTEM (LSERS)

Plan Description. The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804 or by calling (225) 925-6484.

Funding Policy. Plan members are required to contribute 7.5 percent of their annual covered salary and The Center is required to contribute at an actuarially determined rate. The current rate is 32.3 percent of annual covered payroll. State law establishes member contributions and the Public Retirement Systems' Actuarial Committee establishes employer contributions and rates for the LSERS. The Center's employee contribution for the LSERS is funded by employer remittances. Employer contributions to the LSERS for the years ending June 30, 2014, 2013, and 2012 were \$20,247, \$17,972, and \$16,231, respectively which were equal to the required contributions for each year.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2014

Note 9 Commitments and Contingencies

Intergovernmental awards and interagency fees received are subject to audit and adjustment by the funding agency or its representative. If grant revenues are received for expenditures that are subsequently disallowed, those revenues may be required to be repaid to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements.

Note 10 Risk Management

LIABILITY INSURANCE:

The Center is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; injury to employees; and natural disasters. The Center purchased commercial insurance policies for any and all claims relating to the above types of risks and is only liable for the payment of the deductible associated with the above types of risks.

HEALTH INSURANCE

The Center provides health and life insurance to employees by funding 80% of the employee's cost of medical and life insurance premiums and 55% of the dependent coverage. The remainder is paid by withholding allowances from the employees' paycheck. The Center has no further liabilities on any health or life insurance claims except for paying their portion of the premiums.

Settlements have not exceeded insurance coverage in any of the three proceeding years.

Note 11 Schedule of Per Diem and Compensation of Board of Commissioners

During the year ended June 30, 2014 the Board of Commissioners held twelve (12) meetings. Board members were not paid per diem or mileage during the year.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2014

Note 12 *Equity Restated*

The beginning equity balance in both the government-wide and fund financial statements were restated for corrections of errors in prior periods to the financial statements. \$56,086 of current compensated absences was reclassified from the fund financial statements to the government-wide financial statements. It was determined that all compensated absences both current (due within one year) and long-term should be on the government-wide financial statements only, it is not necessary to record the current portions on the fund financial statements. The beginning equity was adjusted for another \$21,242 for gift shop inventory at the beginning of this year that was not on the financial statements. The beginning equity restatement totaled \$77,329 for the year ending June 30, 2014.

Note 13 *Recent Reporting & Disclosure Developments*

In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, Accounting and Financial Reporting for Pensions. This statement requires governments providing pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and RSI. In the past as long as the government paid its Annual Required Contribution, there would be no recorded liability.

This will provide for the liability (net pension obligation) of underfunding of defined benefit pension plans to be recorded on the statement of net position. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

Management is currently evaluating the effects of the new GASB pronouncement scheduled for implementation for fiscal year ending June 30, 2015 and has not determined the impact on the financial statements of implementing GASB 68.

***REQUIRED SUPPLEMENTAL
INFORMATION***

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Budget Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance -
	Original	Final	Actual	Favorable
				(Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$ 1,620,000	\$ 1,716,512	\$ 1,716,512	\$0
Intergovernmental:				
State Revenue Sharing	51,500	51,070	51,070	-
Client Services - OCDD Individual Contracts	6,000	16,250	16,345	95
Federal DOTD Grant	37,600	37,096	37,096	-
Adult Services Income	690,000	630,000	629,771	(229)
Cafeteria Services	25,000	24,000	24,233	233
Transportation Services	60,000	56,000	56,205	205
Residential Services	552,500	502,000	498,764	(3,236)
Community Services	5,000	6,726	6,726	-
Donations	1,000	2,100	2,100	0
Interest and Dividends	9,000	50,538	50,569	31
Miscellaneous	100	30	1,345	1,315
Total Revenues	<u>3,057,700</u>	<u>3,092,322</u>	<u>3,090,736</u>	<u>(1,586)</u>
EXPENDITURES:				
Current:				
Administrative	537,002	532,268	557,730	(25,462)
Maintenance	147,561	151,467	151,724	(257)
Adult Instruction	993,216	837,825	829,691	8,134
Cafeteria Services	178,185	175,253	177,669	(2,416)
Transportation Services	175,040	184,797	187,552	(2,755)
Residential Services	519,443	455,153	482,964	(27,811)
Community Services	57,418	54,690	54,690	0
Total Current	<u>2,607,865</u>	<u>2,391,453</u>	<u>2,442,020</u>	<u>(50,567)</u>
Capital Outlay	<u>222,000</u>	<u>347,285</u>	<u>394,138</u>	<u>(46,853)</u>
Total Expenditures	<u>2,829,865</u>	<u>2,738,738</u>	<u>2,836,158</u>	<u>(97,420)</u>
NET CHANGE IN FUND BALANCE	227,835	353,584	254,578	(99,006)
FUND BALANCE:				
Beginning of year, as restated	6,040,332	6,216,506	6,293,835	77,329
End of year	<u>\$ 6,268,167</u>	<u>\$ 6,570,090</u>	<u>\$ 6,548,413</u>	<u>\$ (21,677)</u>

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Special Education District #1 of the Parish of Lafourche, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Special Education District #1's basic financial statements, and have issued our report thereon dated November 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Special Education District #1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Special Education District #1's internal control. Accordingly we do not express an opinion on the effectiveness of Special Education District #1's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Special Education District #1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

This purpose of this report is solely described in the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
November 17, 2014



**SPECIAL EDUCATION DISTRICT #1,
OF THE PARISH OF LAFOURCHE**
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

We have audited the financial statements of the governmental activities and each major fund of the Special Education District #1 as of and for the year ended June 30, 2014, which collectively comprise the basic financial statements, and have issued our report thereon dated November 17, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit of the basic financial statements resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No
Significant Deficiencies ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards – Not Applicable

Internal Control

Material Weaknesses ☐ Yes ☐ No
Significant Deficiencies ☐ Yes ☐ No

Type of Opinion On Compliance Unqualified ☐☐☐ Qualified ☐
For Major Programs Disclaimer ☐☐☐ Adverse ☐

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)? ☐ Yes ☐ No

c. Identification of Major Programs – Not Applicable

CFDA Number (s)	Name of Federal Program (or Cluster)
Dollar threshold used to distinguish between Type A and Type B Programs: N/A	
Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? <input type="checkbox"/> Yes <input type="checkbox"/> No	

Section II - Financial Statement Findings

NONE

Section III Federal Award Findings and Questioned Costs

NOT APPLICABLE

